Message Text

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PAGE 01 CAIRO 02549 111427Z ACTION NEA-10

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FOR NEA/EGY ONLY

E.O. 11652: N/A

TAGS: ENRG, PFOR, EG, US

SUBJECT: WESTINGHOUSE NEGOTIATIONS ON NUCLEAR POWER UNIT FOR EGYPT-

SELECTION OF CONTRACTOR

REF: 76 CAIRO 11230

1. DEPARTMENT WILL RECALL THAT IN AUGUST 1976 J.A. JONES CONSTRUCTION CO. WAS CONSIDERABLY EXERCISED ABOUT APPARENT EGYPTIAN REJECTION OF THEIR PARTICIPATION IN NUCLEAR POWER STATION CONTRACT BEING NEGOTIATED WITH WESTINGHOUSE. AT THAT TIME WE WERE ASSURED BY EGYPTIAN OFFICIALS CONCERNED THAT NO SUCH MOVE HAD BEEN TAKEN AND THAT JONES WOULD HAVE TO COMPETE WITH OTHER COMPANIES FOR SUCH CONTRACT.

2. RECENTLY OTHER FACTS HAVE COME TO OUR ATTENTION AND WE BELIEVE RECORD NEEDS BE SET STRAIGHT. WESTINGHOUSE EVIDENTLY MADE DECISION IN JUNE 1976 THAT THEY WOULD NEED SERVICES OF AMERICAN CONTRACTOR IN CONSTRUCTION OF NUCLEAR POWER STATION. WESTINGHOUSE HAD BEEN IN CONACT WITH J.A. JONES FOR PRECEEDING 18 MONTHS, AND INFORMED EGYPTIANS THAT THEY (WESTINGHOUSE) INTENDED TO SEEK CONTRACT WITH J. JONES FOR THIS PURPOSE. EGYPTIANS (UNSPECIFIED) WHILE NOT OBJECTING TO J. A. JONES LIMITED OFFICIAL USE

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SPECIFICALLY, INSTRUCTED WESTINGHOUSE TO CONTRACT FOR ANY SUCH NEEDED CONSTRUCTION SERVICES WITH BECHTEL. WESTINGHOUSE MADE PROPOSAL TO BECHTEL ON BASIS OF MARCHING ORDERS FROM GOE. BECHTEL TURNED OFFER DOWN. IN MEANTIME EGYPTIANS MORE OR LESS BACKED OFF OF THEIR ORDER TO ENGAGE BECHTEL'S SERVICES. AS OF THIS WRITING IT SEEMS FAIRLY CERTAIN THAT JONES WILL TEAM UP WITH

WESTINGHOUSE IF PROJECT GOES HROUGH.

3. SOURCE OF OUR INFORMATION WAS AT COMPLETE LOSS TO UNDERSTAND WHY INITIAL DESIGNATION OF BECHTEL HAD BEEN MADE BUT EXPLAINED THAT OFFICIALS INVOLVED HAD RATHER QUICKLY BACKTRACKED AND THEY SUSPECT PRESSURE FROM OTHER MINELECTRICITY OFFICIALS ONCE DECISION BECAME KNOWN.
AS FAR AS WE KNOW, BOTH J.A. JONES AND BECHTEL ARE FULLY AWARE OF THIS SITUATION.
EILTS

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Subject: WESTINGHOUSE NEGOTIATIONS ON NUCLEAR POWER UNIT FOR EGYPT- SELECTION OF CONTRACTOR

TAGS: ENRG, PFOR, TECH, US, EG, WESTINGHOUSE

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